

Program A: Administrative

Program Authorization: R.S. 40:1299.44

Program Description

The mission of the Administrative Program of the Patients' Compensation Fund Oversight Board is to administer, manage, operate and defend the Patient's Compensation Fund (PCF) in a manner that will timely and efficiently meet the needs and interests of those groups for whom the PCF was created to serve Louisiana health care providers, legitimate victims of medical malpractice and the citizens of the State of Louisiana.

The goal of the Administrative program of the Patient's Compensation Fund Oversight Board is to ensure the longevity of the Patient Compensation Fund by maintaining its financial stability. Ideally, such financial stability would balance the need for sufficient funds to adequately compensate victims of malpractice with surcharge rates that are kept at levels that are not excessive for healthcare providers.

The Administrative Program of the Patient's Compensation Fund Oversight Board consists of five activities: Rate Filing and Classification, Enrollment of Providers/Collection of Surcharge Premiums, Medical Review Panel, Claims, and Administration/Accounting.

Rate Filing and Classification. Healthcare providers are classified based upon the malpractice risk associated with the particular specialty. The classifications are rated accordingly. In conjunction with a consulting actuary, the Board annually evaluates the adequacy of surcharge rates and, when necessary, files for indicated rate increases with the Louisiana Insurance Rating Commission.

Enrollment of Providers/Collections of Surcharge Premiums. The Board is responsible for ensuring that the effective date of a healthcare provider's enrollment with the PCF coincides with payment of the applicable surcharge. Once it is determined that the healthcare provider qualifies and has paid the correct surcharge the Board prepares a 'Certificate of Enrollment' to be kept on file. The PCF now has more than 12,000 health care providers who annually enroll in the Fund. The Board employees must review all documentation to verify the correct surcharge has been submitted within prescribed time frames and post the information to the database. Thousands of surcharge adjustments are made throughout the year for employees of providers who are added or deleted, and for refunds when providers retire or decide to leave the Fund.

Medical Review Panel. Qualified healthcare providers are entitled to have a patient's complaint considered by a Medical Review Panel prior to the commencement of civil litigation. The Board must monitor all progress of the Medical Review Panel process and the ultimate disposition of each case. The Board has the responsibility of advising the patient if the named healthcare providers are indeed qualified. The Board must also advise all named healthcare providers that a complaint has been filed and whether or not the provider is enrolled in the PCF. The Board must further monitor the progress of the Medical Review Panel process and the ultimate disposition of each case. The Board is also responsible for maintaining all relevant data and statistics pertaining to the status and disposition of all aspects of the Medical Review process.

Claims. The Board is responsible for monitoring all claims filed with the PCF from the time the initial complaint is filed until the claim is abandoned, dismissed, settled or proceeds through the courts for final judgment. The day-to-day claims functions are contractually delegated to the Office of Risk Management. Throughout the claims process a case will be periodically reviewed and re-evaluated to determine whether the potential damages will impact the PCF's layer of coverage. The PCF must determine and set appropriate case reserves to cover the potential exposure for damages and expenses so as to properly represent the potential liability of the PCF. The Board is also responsible for securing the services of legal counsel to advise and represent the Board and the PCF in proceedings relative to various aspects of the Medical Malpractice Act. The responsibility of assigning defense counsel to represent the PCF on individual claims is, by statute, conferred upon the Office of Risk Management.

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Administration/Accounting. All information and data collected by or reported to the PCF related to the administration, management, operation and defense of the PCF, shall be recorded and maintained by the Board. The Board shall be responsible for maintaining accounts and records for the PCF as may be necessary and appropriate to accurately reflect the financial condition of the PCF on a continuing basis. Most importantly, actuarial data must be gathered and reported to the statutorily mandated annual actuarial study. Annual budget and appropriation requests must be prepared and should accurately reflect all surcharges projected to be collected by the PCF during the fiscal year, together with projected expenses for the administration, management operation and defense of the PCF and satisfaction of its liabilities and obligation.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 2001-2002	ACT 13 2002-2003	EXISTING 2002-2003	CONTINUATION 2003-2004	RECOMMENDED 2003-2004	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	0	0	0	0	0	0
Statutory Dedications	1,525,380	2,101,013	2,101,013	1,998,419	2,057,277	(43,736)
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	\$1,525,380	\$2,101,013	\$2,101,013	\$1,998,419	\$2,057,277	(43,736)
EXPENDITURES & REQUEST:						
Salaries	\$867,831	\$1,054,293	\$1,054,293	\$1,029,199	\$1,056,939	\$2,646
Other Compensation	42,600	30,000	30,000	30,000	30,000	0
Related Benefits	201,738	212,384	212,384	242,820	225,405	13,021
Total Operating Expenses	169,642	134,069	134,069	147,122	143,784	9,715
Professional Services	159,734	391,582	391,582	424,750	424,750	33,168
Total Other Charges	48,353	201,623	201,623	124,528	124,787	(76,836)
Total Acq. & Major Repairs	35,482	77,062	77,062	0	51,612	(25,450)
TOTAL EXPENDITURES AND REQUEST	\$1,525,380	\$2,101,013	\$2,101,013	\$1,998,419	\$2,057,277	(43,736)
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	30	32	32	32	33	1
Unclassified	1	1	1	1	1	0
TOTAL	31	33	33	33	34	1

SOURCE OF FUNDING

This program is funded with Statutory Dedications from the Patient's Compensation Fund. This revenue is derived from surcharges paid by private health care providers enrolled in this program. (Per R.S. 39:32B. (8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.)

	ACTUAL	ACT 13	EXISTING	CONTINUATION	RECOMMENDED	RECOMMENDED
	2001-2002	2002-2003	2002-2003	2003-2004	2003-2004	OVER/(UNDER)
						EXISTING
Patient's Compensation Fund	\$1,525,380	\$2,101,013	\$2,101,013	\$1,998,419	\$2,057,277	(\$43,736)

MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$2,101,013	33	ACT 13 FISCAL YEAR 2002-2003
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$0	\$2,101,013	33	EXISTING OPERATING BUDGET - December 2, 2002
\$0	\$13,184	0	Annualization of FY 2002-2003 Classified State Employees Merit Increase
\$0	\$19,226	0	Classified State Employees Merit Increases for FY 2003-2004
\$0	(\$90,790)	0	Risk Management Adjustment
\$0	\$51,612	0	Acquisitions & Major Repairs
\$0	(\$77,062)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$61)	0	UPS Fees
\$0	(\$63,840)	0	Salary Base Adjustment
\$0	(\$25,781)	0	Attrition Adjustment
\$0	\$18,675	0	Group Insurance Adjustment
\$0	\$259	0	Civil Service Fees
\$0	(\$10,132)	0	Other Non-Recurring Adjustments - Group Benefits premium adjustment
\$0	(\$15,897)	0	Other Non-Recurring Adjustments - Funding for leased space at 650 North 6th St.
\$0	\$18,168	0	Other Adjustments - Funding for increased hourly rate for legal services
\$0	\$15,000	0	Other Adjustments - Funding for increased rate for medical fee scheduling
\$0	\$4,000	0	Other Adjustments - Funding for increased postal rates from \$.34 to \$.37
\$0	\$29,700	0	Other Adjustments - Funding for parking lot lease due to the loss of the employee parking lot
\$0	\$9,756	0	Other Adjustments - Funding for OIT web server and internet services
\$0	\$60,247	1	New and Expanded Adjustments - Funding for an OIT-recommended position to maintain the ClaimTrack system
\$0	\$2,057,277	34	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$0	\$2,057,277	34	BASE EXECUTIVE BUDGET FISCAL YEAR 2003-2004

MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$0	\$2,057,277	34	GRAND TOTAL RECOMMENDED

PROFESSIONAL SERVICES

\$191,774	Legal Services for services rendered for the Patients Compensation Fund Oversight Board.
\$110,000	Advanced Imaging - Funding for the document management system.
\$65,000	Fee scheduling services
\$49,900	Funding for an actuarial study to correctly generate a rate filing.
\$8,076	Software development contract
\$424,750	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$0 None

\$0 SUB-TOTAL OTHER CHARGES**Interagency Transfers:**

\$46,544	Rent in state-owned building
\$44,000	Office of Telecommunications Management
\$10,242	Internet and web server charges
\$7,850	Office of Risk Management
\$5,085	Secretary of State for microfilming of permanent records
\$3,408	Department of Public Safety for capitol security
\$3,351	Department of Civil Service fees
\$2,295	Treasury fees
\$1,663	Uniform Payroll System fees
\$349	Comprehensive Public Training Program

\$124,787 SUB-TOTAL INTERAGENCY TRANSFERS**\$124,787 TOTAL OTHER CHARGES**

ACQUISITIONS AND MAJOR REPAIRS

\$51,612 Office and information technology equipment

\$51,612 TOTAL ACQUISITIONS AND MAJOR REPAIRS